Auditing to build public confidence

AUDITOR-GENERAL SOUTH AFRICA

Report of the auditor-general to the North West provincial legislature and the council on the Tswaing Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Tswaing Local Municipality set out on pages XX to XX, which comprise of the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of changes in net assets, and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Tswaing Local Municipality as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2016 (Act No. 3 of 2016) (DoRA).

Basis for qualified opinion

Trade receivables from non-exchange transactions and exchange transactions

3. I was unable to obtain sufficient appropriate audit evidence that the municipality correctly recognised consumer debtors' balances at year end due to a lack of proper record keeping. I was unable to confirm these receivables by alternative means. Consequently, I was unable to determine whether any adjustments relating to trade receivables from non-exchange transactions of R12 705 172 (2016: R9 242 026) and trade receivables from exchange transactions of R31 557 300 (2016: R26 161 893) disclosed in notes 5 and 6 to the financial statements respectively, were necessary.

Payables from exchange transactions

4. I was unable to obtain sufficient appropriate audit evidence for payments received in advance included in payables from exchange transactions as information requested from management were not available for audit due to a lack of proper record keeping. I was unable to confirm these payables by alternative means. Consequently, I was unable to determine whether any adjustment relating to payments received in advance of R13 658 752 included in payables from exchange transactions as disclosed in note 13 to the financial statements was necessary.

Cash flow statement

5. I was unable to obtain sufficient appropriate audit evidence that non-cash items were appropriately accounted for in the municipality's calculation for net cash flows from operating activities as required by GRAP 2, *Cash flow statements*. I was unable to confirm the net cash flows from operating activities by alternative means. Consequently, I was unable to determine whether any adjustments relating to net cash flows from operating activities in the cash flow statement and notes thereto were necessary in the current and previous year.

Statement of changes in net assets

6. I was unable to obtain sufficient appropriate audit evidence for the prior year adjustments to opening balance of the accumulated surplus due to a lack of proper record keeping. I was unable to confirm these adjustments by alternative means. Consequently, I was unable to determine whether any adjustment relating to the accumulated surplus of R459 460 321 (2016: R509 230 500) as disclosed in the statement of financial position and the statement of changes in net assets was necessary.

Context for the opinion

7. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
8. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
9. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material uncertainty related to going concern

10. I draw attention to the matter below. My opinion is not modified in respect of this matter.
11. Note 41 to the financial statements indicates that the municipality had a net operating deficit of R49 218 862 and that the municipality's current liabilities exceeded its current assets by R119 690 582. These conditions, along with other matters as set forth in note 41, indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern.

Emphasis of matters

12. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

13. As disclosed in note 49 to the financial statements, the corresponding figures for 2016 have been restated as a result of errors in the financial statements of the municipality at, and for year ended, 30 June 2016.

Material losses

14. As disclosed in note 45 to the financial statements, material losses to the amount of R12 601 085 (2016: R11 114 378) were incurred as a result of electricity losses.

Debt impairment

15. As disclosed in note 29 to the financial statements, material losses to the amount of R37 651 434 were incurred as a result of a debt impairment provision on consumer debtors.

Unauthorised, irregular and fruitless and wasteful expenditure

16. As disclosed in note 48 to the financial statements, unauthorised expenditure of R85 995 788 was incurred in the current year and the unauthorised expenditure of R106 563 155 relating to previous years had not yet been dealt with in accordance with section 32 of the MFMA.
17. As disclosed in note 44 to the financial statements, irregular expenditure of R31 098 699 was incurred in the current year and irregular expenditure of R134 967 545 relating to previous years had not yet been dealt with in accordance with section 32 of the MFMA.
18. As disclosed in note 43 to the financial statements, fruitless and wasteful expenditure of R13 156 445 was incurred in the current year and fruitless and wasteful expenditure of R13 211 301 relating to previous years had not yet been dealt with in accordance with section 32 of the MFMA.

Material underspending of Municipal Infrastructure Grant

19. As disclosed in note 16 to the financial statements, the municipality has materially underspent the Municipal Infrastructure Grant received by R8 283 526.

Other matters

20. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited disclosure notes

21. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Unaudited supplementary schedules

22. The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

23. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA standards of GRAP and the requirements of the MFMA and the DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
24. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the there is an intention either to liquidate the municipality or to cease operations, or if there is no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

25. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
26. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

Report on the audit of the annual performance report

Introduction and scope

27. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
28. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
29. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2017:

Objectives	**Pages in the annual performance report**
KPA 1: Basic service delivery and infrastructure development	x – x
KPA 4: Basic service delivery and infrastructure investment: Community Services	x – x

30. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
31. The material findings in respect of the usefulness and reliability of the selected objectives are as follows:

KPA 1: Basic service delivery and infrastructure development

Various strategic objectives: Changes to strategic objectives not approved

32. The strategic objectives in the table below were changed without the necessary approval as required by section 25(2) of the Municipal System Act, 2000 (Act No. 32 of 2000) (MSA):

Planned strategic objectives per services delivery and budget implementation plan (SDBIP)	Reported strategic objective per annual performance report (APR)
Provision of water and sanitation	Provision of water
Provide electricity and Public lighting	Electricity
Provision of internal roads (paving)	Project Management Unit
Plan Delareyville Electrical network Pre Engineering	Objective not indicated in the annual performance report. The objective is listed under key performance indicators and not under corporate objectives.
Provision of roads maintenance	Maintain roads and storm water

Indicator: Percentage of reduced water losses

33. The source information and method of calculation for the achievement of the planned indicator was not clearly defined, as required by the Framework for managing programme performance information (FMPPI). The systems and processes to enable reliable reporting of actual service delivery against the indicator were also not adequately designed, as required by the FMPPI. I was furthermore unable to obtain sufficient appropriate audit evidence for the reported achievements of the indicator. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustment to the reported achievement of 0% was required.

Indicator: Number of kilometres of roads to be repaired and maintained

34. The target of 20 kilometres of roads to be maintained by the end of June 2016, was changed to 10 kilometres of roads to be maintained without the necessary approval as required by section 25(2) of the MSA. The systems and processes to enable reliable reporting of actual service delivery against the indicator were not adequately designed, as required by the FMPPI. I was furthermore unable to obtain sufficient appropriate audit evidence for the reported achievements of the indicator. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustment to the reported achievement of 3 kilometres was required.

Various indicators: Reported indicators and targets are not consistent, not verifiable and reported achievement not reliable

35. The indicators and targets in the table below was changed without the necessary approval as required by section 25(2) of the MSA. Furthermore the systems and processes to enable reliable reporting of actual service delivery against the indicator were not adequately designed, as required by the FMPPI. I was also unable to obtain sufficient appropriate audit evidence for the reported achievements of these indicators. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements:

Planned indicator	Reported indicator	Planned target	Reported target	Reported achievement
Provision of water through water tanks to 2 460 households h/h	Facilitate Water provision by the district through water tanks to 2460 h/h	2460 h/h by End June 2017	2460 h/h to be provided with water regularly	Provided water through water tanks to 2460 households
Facilitation of water sampling process in compliance with SANS 241	Number of water sampling in compliance with SANS 241 facilitated or coordinated on behalf of the district	4 water sampling reports in compliance with SANS 241 facilitated by End June 2017	4 water sampling reports in compliance with SANS 241 facilitated	4 water sampling reports in compliance with SANS 241

Various indicators: Indicators not verifiable and reported achievement not reliable

36. The systems and processes to enable reliable reporting of actual service delivery against the indicators below were not adequately designed, as required by the FMPPI. I was also unable to obtain sufficient appropriate audit evidence for the reported achievements of these indicators. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements:

Indicator	Reported achievement
Number of faulty water meters to be replaced	100 faulty water meters to be replaced
Number of households facilitated or coordinated for provision of Vacuum tinkering or honey sucker services.	650 h/h tanks

Various indicators: Reported indicators and targets are not consistent and reported achievement not reliable.

37. The indicators and targets for the indicaors below was changed without the necessary approval as required by section 25(2) of the MSA. The source information and method of calculation for the achievement of the planned indicators was also not clearly defined, as required by the FMPPI. I was furthermore unable to obtain sufficient appropriate audit evidence for the reported achievements of these indicators. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements:

Planned indicator	Reported indicator	Planned target	Reported target	Reported achievement
Electricity Distribution network (Transformers, Cables Power Lines and Switchgears and public lighting) maintained.	% of electricity distribution networks (Transformers, cables, power lines, switchgears) maintained	20% of electricity distribution networks maintained by end of June 2017	20% additional electricity distribution network to be maintained	20% of additional electricity distribution network to be maintained
% of electricity network upgrade planning (Improved current carrying capacity) e.g. cables, switch gears and substations	Delareyville Electricity Network Upgrade pre-engineering.	100% Pre engineering plans for electricity network upgrade to be completed by end of June 2017	100%	100% Delareyville Electricity Network Upgrade pre-engineering studies conducted

Various indicators: Reported achievement not reliable

38. I was unable to obtain sufficient appropriate audit evidence for the reported achievements of these indicators below. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements.

    - Number of bulk water meters to be replaced
    - Number of new household to be connected with water meters
    - Number of pump sewer stations maintained
    - New house holds electricity connections as per received applications

KPA 4: Basic service delivery and infrastructure investment: Community Services

Various strategic objectives: Changes to strategic objectives not approved

39. The strategic objectives in the table below was changed without the necessary approval as required by section 25(2) of the MSA.

Planned strategic objectives per SDBIP	Reported strategic objective per APR
Waste Management - 10159	Municipal health services in terms of waste management
The planned strategic objectives was not indicated in the SDBIP of IDP	Promote greening and environmental sustainability
The planned strategic objectives was not indicated in the SDBIP of IDP	Facilitate the provision of community infrastructure
The planned strategic objectives was not indicated in the SDBIP of IDP	Provide and maintain cemeteries
Human settlements	Facilitate the provision of housing
The planned strategic objectives was not indicated in the SDBIP of IDP	Promote spatial integration
The planned strategic objectives was not indicated in the SDBIP of IDP	Provision of public safety services

Indicator: Number of community cemeteries maintained

40. The systems and processes to enable reliable reporting of actual service delivery against the indicator were not adequately designed, as required by the FMPPI.

Number of households with access to solid waste removal services

41. The source information, evidence and method of calculation for the achievement of the planned indicator was not clearly defined, as required by the FMPPI. The systems and processes to enable reliable reporting of actual service delivery against the indicator were also not adequately designed, as required by the FMPPI. I was furthermore unable to obtain sufficient appropriate audit evidence for the reported achievement of the indicator. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustment to the reported achievement of "10159 h/h with access to solid waste removal services achieved" was required.

Various indicators: Indicators not verifiable and reported achievement not reliable

42. The systems and processes to enable reliable reporting of actual service delivery against the indicators below were not adequately designed, as required by the FMPPI. I was furthermore unable to obtain sufficient appropriate audit evidence for the reported achievements of these indicators. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements.

Indicator	Reported achievement
Number of households with no access to refuse removal services to be provided with refuse removal services	3153 households not provided with refuse removal
Number of community halls maintained	7 community halls maintained

Other matter

43. I draw attention to the matter below.

Achievement of planned targets

44. Refer to the annual performance report on pages xx to xx for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 32 to 42 of this report.

Report on audit of compliance with legislation

Introduction and scope

45. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

46. The material findings in respect of the compliance criteria for the applicable subject matters are as follows:

Consequence management

47. Unauthorised, irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) and (b) of the MFMA.

48. Allegations of financial misconduct against the previous accounting officer were not investigated, as required by regulation 5(3) of the Disciplinary regulations for senior managers and section 171(4) of the MFMA.

Expenditure management

49. Money owed by the municipality was not always paid within 30 days as required by section 65(2)(e) of the MFMA.

50. Effective steps were not taken to prevent irregular expenditure of R31 098 699 as disclosed in note 44 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by not obtaining at least three quotations from providers whose names appear on the list of accredited prospective suppliers of the municipality.

51. Effective steps were not taken to prevent fruitless and wasteful expenditure of R13 156 445, as disclosed in note 43 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest on late payments to suppliers.

Human resource management

52. An approved staff establishment was not in place, as required by section 66(1)(a) of the MSA.

53. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted as required by section 67(1)(d) of the MSA.

54. The senior managers did not sign performance agreements within the prescribed period, as required by section 57(2)(a) of the MSA.

Annual report and annual financial statements

55. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of liabilities, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

56. The annual performance report for the year under review did not include the performance of each external service provider and a comparison of the performance with set targets and comparison with the previous financial year, as required by section 46(1)(a) and (b) of the MSA.

57. The 2015-16 annual report was not tabled in the municipal council within seven months after the end of the financial year, as required by section 127(2) of the MFMA.

Revenue management

58. An effective system of internal control for debtors, as required by section 64(2)(f) of the MFMA, was not in place.

Asset management

59. Investments were made in listed shares by the municipality, in contravention of regulation 6 of the Municipal investment regulations.

Procurement and contract management

60. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of SCM regulation 17(a) and (c). Similar non-compliance was also reported in the prior year.

61. Quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). Similar non-compliance was also reported in the prior year.

62. Some of the quotations were accepted from bidders whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43.

63. Some of the competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2). This non-compliance was identified in the procurement processes for the key projects for the upgrading of the Middleton internal road: Phase 1 and the upgrading of Kopela internal roads.

64. The preference point system was not applied to some of the procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act.

65. Awards were made to providers who were in the service of other state institutions or whose directors or principal shareholders were in the service of other state institutions, in contravention of section 112(j) of the MFMA and SCM regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM regulation 38(1).

66. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e).

Budgets

67. Reasonable steps were not taken to prevent unauthorised expenditure of R85 995 788, as disclosed in note 48 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending of the budget per vote.

Utilisation of conditional grants

68. The Municipal Infrastructure Grant allocation was not spent in accordance with the applicable grant framework, in contravention of section 17(1) of the DoRA.

Strategic planning and performance management

69. A performance management system was not established as required by section 38(a) of the MSA and regulation 8 of the Municipal planning and performance management regulations.

Other information

70. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report thereon and those selected objectives presented in the annual performance report that have been specifically reported on in the auditor's report.
71. My opinion and findings do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
72. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
73. I did not receive the other information prior to the date of the auditor's report. When I do receive this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to re-issue my auditor's report amended as appropriate.

Internal control deficiencies

74. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
    - The leadership's philosophy and operating style is not contributing towards a clean administration. This is evidenced by the lack of implementation and monitoring of action plans to address prior year audit findings, the establishment of a culture of honesty, ethical business practices and good governance. Leadership failed to appoint sufficient appropriately skilled staff in key positions within the finance unit and the training and development initiatives failed to address the underlying deficiencies that caused matters to be reported on repeatedly.

- The accounting officer did not adequately monitor reporting, compliance with laws and regulations and internal control as supporting documentation submitted during the audit did not adequately support disclosures while management failed to respond to critical audit issues. The inability of management to address prior year audit findings and staff in the finance department not understanding the requirements of the financial reporting framework is concerning. Management's lack of commitment to address repetitive findings relating to supply chain management regulations is indicative of financial misconduct.
- The accounting authority failed to install good governance principles within the municipality. These include the development and implementation of a risk management policy, fraud prevention plan and effective application of recommendations made by external audit. No internal audit unit was established and the audit committee did not fulfil their legislative responsibilities.

Auditor General

Potchefstroom

8 December 2017

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected objectives and on the municipality's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in the auditor's report, I also:

   - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
   - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control.
   - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
   - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Tswaing Local Municipality's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a municipality to cease to continue as a going concern.
   - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and here applicable, related safeguards.